

# SENATE BILL REPORT

## SB 5139

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As of January 21, 2021

**Title:** An act relating to limiting rent increases after expiration of the governor's eviction moratorium.

**Brief Description:** Limiting rent increases after expiration of the governor's eviction moratorium.

**Sponsors:** Senators Das, Lovelett, Darneille, Hunt, Lias, Nguyen and Wilson, C..

**Brief History:**

**Committee Activity:** Housing & Local Government: 1/21/21.

**Brief Summary of Bill**

- Prohibits any increases in rent or other charges for residential tenancies for the first six months after expiration of the eviction moratorium.
- Limits rent increases for a six-month period after the initial six-month prohibition period to three percentage points above the consumer price index and based on monthly rent as of March 1, 2020.

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### SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

**Staff:** Brandon Popovac (786-7465)

**Background:** Residential-Landlord Tenant Act. The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units. The RLTA establishes rights and duties of both tenants and landlords, procedures for the parties to enforce their rights, and remedies for violations of the RLTA.

Except for rental agreements governing subsidized tenancies, a landlord must provide each

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affected tenant a minimum of 60 days prior written notice of an increase in the amount of rent, and any rent increase may not become effective before the end of the term of the rental agreement. For subsidized tenancies where the rental amount is based on the income of the tenant or circumstances specific to the subsidized household, the landlord must provide 30 days prior notice of the rent increase and the rent increase may become effective at the end of the rental term or sooner upon mutual consent.

Governor's Eviction Moratorium—Proclamation 20-19.5. On March 18, 2020, Governor Inslee issued Proclamation 20-19 to prohibit a number of activities related to residential evictions by all residential landlords operating residential rental property in the state. Since then, the Governor has issued multiple extensions of the eviction moratorium with the current variation, Proclamation 20-19.5, set to expire March 31, 2021.

Currently, the eviction moratorium prohibits landlords, property owners, and property managers from increasing, or threatening to increase, the rate of rent for any dwelling or parcel of land occupied as a dwelling, except when the landlord, property owner, or property manager provides:

- advance notice of a rent increase as required under the Manufactured/Mobile Home Landlord-Tenant Act; or
- notice of a rent increase specified by the terms of the existing lease, if the noticed rent increase does not take effect until after the expiration of the eviction moratorium, the notice is restricted to its limited purpose, and does not contain any threatening or coercive language, including any language threatening eviction or describing unpaid rent or other charges.

**Summary of Bill:** A landlord may not increase any monthly rent or other charges for the first six months after expiration of the Governor's eviction moratorium.

For a six-month period after the initial six-month prohibition period, a landlord may not increase the monthly rent more than three percentage points above the previous year's United States consumer price index for all urban consumers, housing component. Any rent increase imposed during this time period must be based on the base monthly rent in effect as of March 1, 2020.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: The COVID-19 pandemic has hit struggling renters hard, and the Legislature must provide necessary relief. Although the eviction

moratorium provided a first step, this bill is part of next steps to help renters catch their breath and not get priced out of their homes. The economy is still in a recession with 75,000 renters still behind in rent and some using unsustainable means to pay rent, like savings and credit cards. Any early rent increase in spring will lead to more economic evictions. Rental assistance programs will be impacted if rents increase. Renters were already struggling before the pandemic and the financial stakes between landlords and tenants are not equal. Landlords have mortgage forbearance or sale options that are not available to renters. The rent increase proposal is temporary only. Possible evictions from rent increases will lead to homelessness and exacerbated mental health issues/crises, plus additional COVID-19 exposure risks. Rent gouging is a weapon against poor people. It is cheaper to displace tenants through rent increases rather than evictions. No cause terminations are often used in order to increase rents for the next tenant. It will take at least another year for some tenants to recover from the pandemic. Rental assistance is also a key resource for renters, but hard to access in some parts of the state. Renters who are women or BIPOC are getting hit the hardest, and they have less homeownership opportunities. Housing instability is impacting students' mental health, especially with some choosing work over attending school in order to pay rent. The bill will provide a short-term lifeline for students. End of lease terminations are still occurring despite the eviction moratorium.

CON: Over 90 percent of rent paid contributes to the operations and maintenance costs of affordable rental housing providers. New units could not be provided in the affordable housing market, or preservation of older units, if rental growth is impeded. Traditional affordable housing investors will become disinterested if rental growth is hampered. The bill fails to solve the lack of housing inventory, and the state needs 10,000 units every year to meet demand. The bill is asking housing providers to financially support their tenants. Rental assistance and housing stock incentives are the real solutions. Property taxes and repair costs have gone up for most landlords during the eviction moratorium period, with rental revenue down significantly. The percentage of elective non-payers have doubled over time and rents have dropped by 20 percent in some areas. Some landlords have been skipping scheduled maintenance. Smaller landlords are enduring increased utility costs and vacancies, with some going into foreclosure and bankruptcy. Smaller landlords might break even on rental debt owed if forced to sell, and mortgage forbearance impacts smaller landlords since it leads to bad credit. Some property management staff have been denied cost of living salary increases. Smaller landlords are taking on deficits while trying to manage insurance policy payments. Some landlords still have to dig out from mortgage forbearance holes

OTHER: Short-term benefits of rent control are outweighed by longer-term damage to the housing market. The proposal to limit rent increases is not supported by the current real estate market, does not target benefits to those renters most in need, and does not address the disproportionately of rent-burdened individuals using 50 percent of income to pay rent. Targeted means-tested financial supports are the most direct and impactful methods to support economically distressed renters.

**Persons Testifying:** PRO: Senator Mona Das, Prime Sponsor; Emily Murphy, Washington Community Action Network; Terri Anderson, Tenants Union of Washington State; Tara Villalba, Bellingham Tenants Union; Jubert Berrios, Washington CAN; Dr Lindsey Youngquist, Washington Physicians for Social Responsibility; Isaac Organista; John Stovall, Washington Low Income Housing Alliance; Joelle Craft; Helena Benedict, Tenants Union of Washington.

CON: Spencer Anderson, Washington Multi-Family Housing Association; Chris Dobler, Dobler Management Company; Ross Rongner, citizen; Sarah Fried, Washington Multi-Family Housing Association; Melissa Parnell; Audrey Riddle, Washington Multi-Family Housing Association; Cathy Jeney, citizen; David Monk, citizen; Karl Neiders, The Neiders Company.

OTHER: Morgan Shook, EconW, Partnership for Affordable Housing.

**Persons Signed In To Testify But Not Testifying:** PRO: Andre Zita, citizen.

CON: John Barrett, citizen; Mark Meinzinger, citizen; Malik Baz, citizen; Anthony Galluzzo, Southgate Real Estate Ventures; Suzanne Anderson, citizen; Todd Schoepflin, citizen; William McDowell, citizen; Dean Zelikovsky, Reliant Properties NW LLC; Clyde Priddy, RHA; Ross Wolf, Wolf Family Properties LLC; Nathaly Burnett, REMAX Sound Properties; Rebecca Chale, RPDC Properties; Russ Millard, Park Preservations LLC; Bruce Norton, citizen; Todd Monohon, Olympic Rentals; Bradford Augustine, Madrona Real Estate Services, LLC; Cory Brewer, WPM NW Inc.; Gordon Haggerty, RHAWA; Ronald Bunn, citizen; Randy Roberts, citizen; Roxanne Kelly, citizen; John Lawrence, citizen; Heike Nelson, Ruxker 11 LLC; Marci Engelhart, citizen; Davonn Youngblood, citizen; Kim Buonocore, citizen; Shep Salusky, citizen; Guy Parisi, citizen; Walter Pienkowski, citizen; Thomas Lee, Squirrelridge Log Cabin; Cassidy Cue, citizen; Jamie Williams, citizen; Vincent Bannister, citizen; Joseph Hoffman, citizen; Nathan Pettit, citizen; Amy Ai, FSU; James Luke Shover, citizen; Margaret Safford, citizen; Zijie He, citizen; Barbara Graef, citizen; Kelly Lim, citizen; Maxwell Ehrlich, citizen; Ye Feng, citizen; Greg Petersen, citizen; Lori Anderson, Townhomes LMT, LLC; Timothy Chen, citizen; Andrew Wilson, citizen; Ye Wang, citizen; Rodrick Obando, citizen; Tam Tran, citizen; Terri Meenach, citizen; Judy Gurkin, citizen; Deborah Marshall, citizen; Mike Roberts, citizen; C. Goodell, citizen; Pamela Cook, citizen; Angeline Loong, citizen; Katherine Yundt, citizen; Charlotte Thistle, citizen; ChunJung Chen, citizen; Leena Joshi, citizen; Arron Renfrew, citizen; Stacey Salyer, NARPM; Kathy Bantle, citizen; Noah Trent, citizen; Norma Elena De la Rosa, citizen; Takashi Koshikawa, Windermere Property Management; Lyn Archer, citizen; Kindra Lynch, citizen; Che Cui, citizen; Jeni Wang, citizen; Susan Andersen, citizen; Robin Reed, citizen; Stephen Palevich, Sol Assets LLC; Kathleen Palevich, Sol Assets LLC; Camila Fletcher, citizen; Jiayin Ge, citizen; Russ Millard, Preferred Properties LLC; Ivan Villescás, citizen; Tam Tran, citizen; Erci Cheung, citizen; Mario Faria, citizen; Debra Aldridge, Poolside Apartments; Reza Sadri, citizen; Richard Conley, citizen; Karen Larson, citizen; Jed Palevich, citizen; Jason Lindsey, citizen; Patti Hoendermis, Yakima Valley Landlords Association; Jim J. Adrian, citizen; Rani Sampson, Rental Association of

Wenatchee Valley; Laurie Sand, 353; Shakeel Farooque, citizen; Sherif Yacoub, citizen; Hagen Kennecke, citizen; Kwee Chai, citizen; David Nagel, citizen; Brett Frank-Looney, citizen; Tiana Kleinhoff, Welcome Home Rentals; Roger Valdez, Seattle For Growth; Paul Schmidt, citizen; Jennifer Slater, citizen; Kaitlyn Jackson, Dimension Law Group PLLC; Michelle Wilson, Camelot Square MHC; Cristina Dugoni, Davis Investors and Management, LLC; John Esmond, citizen; David Broening, citizen; Lisa Burres, citizen; Ben Phares, citizen; Christopher Jacobs, citizen; Michelle Wickett, citizen; Ron Hanson, citizen; Mahesh Gopalaiah, citizen; Darcia C. Tudor, Tudor Properties LLC; Churli Su, citizen; Michael Moore, citizen; Sangeeta Saigal, citizen; Jim Davis, citizen; Chastity Bryant, citizen; Frank Escalona, citizen; Joseph Nicholson, citizen; Paulette Springer, citizen; Richard Sybert, citizen; Daniel Coleman, Coleman Properties; Charles Crider, SICBA; Michael Urquhart, citizen; Brad Arritola, citizen; Michele Woodhouse, City of Bothell; Keri Dutton, citizen; Ashlee Farrar, RAWV; Juani Nixon, citizen; Vicki Moore, citizen; Jesse Sheldon, citizen; Jerry Mahan, citizen; Jerry Mahan, citizen; Andrea Durbin, citizen; James Small, Country Estates Mobile Home Park; Charlene Verner, citizen; Gerri Jackson-Bell, citizen; Tony Pearson, citizen; Jennifer Lekisch, citizen; Valerie Frint, citizen; Winnie Fung, Yee Fai LLC; Katherine Hammad, Spartan Arms Apartments; Ronald Greer, citizen; Virginia Hance, citizen; Shannon Talkington, citizen; Robert Hernon, citizen; Jeff Huiatt, citizen; Nora Schultz, citizen; Gerald Walken, citizen; Christopher Frint, citizen; Clint Hamilton, citizen; Chantell Arnold, citizen; Kurt Burgan, citizen; Paul Gullekson, Gullekson; Brandon Smith, citizen; Minh Trinh, citizen; Clyde Priddy, citizen; David L'Esperance, citizen; Nicole Norris, WMFHA; Travis Maxwell, WMFHA; Cindy Tapuro, WMFHA; Gary Dukelow; Russ Millard, Preferred Properties LLC; Sue Perumal, citizen; George Howe, citizen; Erika Callero, WMFHA; Saint Newton; Brian Luke, citizen; Robert McFadden, citizen; Mike Simonitch, citizen; Don Chang, citizen; Naveen Mukkollu, citizen; Susan Gonzales, citizen; Dan Tracy, citizen; Robert Myers, RHAWA; Chastity Bryant; Anthony Galluzzo, Southgate Real Estate Ventures; Jill Suess, citizen; Hong Sodoma, citizen; Bruce Becker, citizen; Elizabeth Davy, citizen; Rebecca Chale, RPDC Properties.

OTHER: Perry Janssen, citizen.